

Finding the right customer

Customer segmentation for Adler Thermae

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<p>Abstract</p> <p>The aim of this thesis was to analyze the hotel data of ADLER Thermae for a better understanding of the customers. The main goal was to identify the most profitable target in order to better approach the interesting customers through online marketing without waisting too much money on marginal segments.</p> <p>The theoretical part consists of a short introduction to marketing, online marketing and data collection. It also includes the most important theories about segmentation, positioning and differentiation.</p> <p>The statistical part of this thesis was carried out on a secondary quantitative research base. The data was made available by one of the owners of ADLER Resorts, Dr. Andreas Sanoner.</p> <p>A comparison of the single nationalities of ADLER Thermae guests revealed that certain nations are more interesting to approach than others because they consume more during their stay at ADLER Thermae. These results can be used to aim at more profitable nations by way of a direct approach trough online marketing.</p> <p>The results of the thesis show to which extend a hotel can find a valid approach to the potential customer. This thesis shows as well the limits that a hotel reaches without the help of third parties, in this case search engine companies.</p> <p>The research was made possible by the disposal of the hotel data, of financial books and interviews and statements of the ADLER Thermae owner and staff.</p> <p>Further research could take form of a master's thesis focusing on potential approaches to reaching the profitable client segment identified in this bachelor's thesis.</p>		
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1 Introduction

In the last decade the hotel business and the behaviour of its final customers changed completely with the introduction of the Internet, smart phones and other smart devices. Just one generation ago people took their cars and drove for one weekend down the Adriatic coast to find a hotel for the 3-week vacation in summer of the year later. They wrote letters to the hotels and waited hard for November when they got the new price lists for the next summer season. We are not talking of 100 but just 25 years ago.

Nowadays everything has to go fast. Every second counts. People are able to compare 5 hotels in different countries in one click. Distances don't matter because flights are sometimes even cheaper as the transport to the airport. What matters is not even the price, who has better amenities, has the nicer panorama or the best food. What matters is to be found.

Of course the same moment people wants to share their findings on different Social Networks to see if their friends agree with their choices (Levy, J. 2012).

This could almost sound as if the customers would have to actively search for the hotel. In reality it is vice versa. The hotel has to identify the guest, understand how he/she is thinking and feeling when wishing nice vacations and then build a whole online marketing strategy on this.

What I am going to create in my thesis are descriptions of the guests of ADLER Thermae Spa & Relax Resort. I will describe the importance of knowing your customer and identify the 7 main markets and an as detailed profile as possible of each "Persona", as it is the first step to a successful and efficient independent Online Marketing Strategy.

1.1 Structure of the thesis

In the first chapter of my thesis I will introduce ADLER Resorts, the company and the family that stands behind. ADLER Thermae will then be introduced in detail, seen that the focus of my customer segmentation is set exclusively on this resort. The importance of online marketing for ADLER Thermae will be explained. Finally the research method will be described and the research questions formulated.

In chapter 2 the theoretical framework for the thesis will be drawn up. The chapter will start with a short introduction to Direct Marketing to shift over to Online Marketing and finally reach Segmentation as central topic. Market segmentation will incorporate the main part of the theoretical framework, which will then go over to how to target different segments and then conclude with positioning and differentiation.

Chapter 3 consists of the findings of the performed customer segmentation and shows the different outcomes of the research. Here the main focus was laid on a limited amount of available factors, due to limited sources and budget.

The research questions are as well answered in chapter 3 combining the theoretical findings with the practical outcome.

In chapter 4 the findings are analyzed even more in detail and the promiscuous statistical results are put together to a practical advice to continue Online Marketing for ADLER Thermae with promising possible outcomes.

1.2 Introducing ADLER Resorts

Adler Resorts is a five star hotel chain owned by Elfriede Sanoner and her sons Dr. Andreas and Dr. Klaus Sanoner and their families.

It includes four Hotels, ADLER Dolomiti, ADLER Balance and ADLER Mountain Lodge situated in South Tyrol, a northern region of Italy in the Dolomits, and ADLER Thermae in Tuscany. This thesis will be focused the analysis of the main customers of Adler Thermae Spa & Relax Resort in Bagno Vignoni, province of Siena in Tuscany.

1.2.1 Adler Thermae Spa & Relax Resort

The Adler Thermae Spa & Relax Resort was build in 2003 from the Sanoner Family on a travertine quarry, in April 2004 it opened its door and was running ever since eleven months a year.

The Resort is build in the middle of nature; it has its own thermal source and is completely cut out of all ambient noises or disturbances whatsoever.

Bagno Vignoni is in the Orcia Valley, which is declared UNESCO territory since 5 years.

This limits the possibilities of enlarging the hotel, but it minimises as well the chance of someone building another similar hotel in the area.

Adler Thermae has 90 rooms; most of them Double Rooms Superior, some Family Junior and Family Suites.

The heart of the hotel is the Spa. It employs more then 40 professional esthetics, massage and motoric therapists, oriental treatment specialists and four doctors, specialized in Ayurveda, aesthetic, herbal and general medicine.

Since three years the Adler Thermae Spa & Relax Resort is officially declared thermal centre. This means, the Adler is authorized to cure certain illnesses with specific thermal water treatments prescript from doctors.

1.2.2 Adler Thermae and its surroundings

It's impossible talking about Adler Thermae without describing the region and the exact position of the Resort.

The landscape and the surroundings are Adler's strongest sides, given the uniqueness and popularity in the whole world. This region is very rich on culture and history and represents besides of that the typical image of Italy and its well-known and loved Italian lifestyle.

More and more oft he guests at the Adler Thermae visit the hotel for the renowned combination of its breath-taking placement in the middle of the Tuscan nature, the Spa and the modern and sophisticated infrastructure, as the optimal cuisine.

Famous landmarks in the area are Pienza, Montepulciano, Montalcino and Siena. These are some of the most important cities when it comes to wine and Italian Renaissance. They attract a very important customer target for the Adler Thermae Resort.

1.3 The importance of Online Marketing for Adler Thermae

For a hotel of the size of Adler Thermae it is important to be present on the web. If someone wherever on this planet looks for the Adler, they need to find it.

The investment in this tool is crucial. Adler guests are ready to travel far for a high-class hotel like this one, but they need to have all the information they are looking for in the minimum time on the research tool they want. If a potential Adler Guest finds the information faster on a different hotel web page, the decision to choose one of the competitor hotels is easy.

This is the main reason why the consistent presence on the web is essential.

Mr Sanoner explains, that nowadays it is very difficult to stay ahead with new technologies in this field. He explains that it is essential to be visible on portals, such as booking.com and trivago.com, but that it even more important to have the own Internet page with the own booking engine well positioned and attractive for guests.

These other portals should in the future operate more as display windows. It is of course possible to book the vacation on these, but the guest has special prices through different packaged booking from the ADLER booking engine. This should encourage booking directly, without any intermediate.

The first step is to identify the different options to advertise and to secure presence on the Internet. There are so many options to present one self's product, that it is difficult to find the ideal channel to reach the settled target.

It is important to invest in new marketing methods link the online marketing, but this does not mean that it is necessary to waist lots amount of money for no return. To control and focus the investment in this new channel it is important to know the target group the hotel wants to reach. By knowing the potential guests it is easy to focus all the budged on what the clients are looking for.

Now that the relevance of Online Marketing has been explained, the research problems and the possible way to a solution for them need do be formulated.

1.4 Research problem and the consequent research questions

The online marketing in ADLER Thermae gets more and more important. In 2013 ADLER Resorts put 4% of the whole Budget into marketing, of this amount about 40% went to online marketing.

Seen that ADLER Thermae lives mainly from Italian customers, one goal of the thesis will be to find an eventual substitute, a potential main customer. Dr. Andreas Sanoner emphazized in his interview that it is very important not to depend on something or on somebody; this counts as well for the clients.

The responsible of Online Marketing of ADLER Resorts told about the necessety of a clear client profile definition. A segmentation, as detailed as possible, was then the task; this allows ADLER Thermae to be more efficient in online marketing and to safe

sowith a lot of lost budget. With this analysis an additional market will be described, one worth to focus on.

The questions that will lead to the solutions of the task are the following:

- How can data be transformed into Customer knowledge?
- What information is needed to define a clear segmentation profile?
- How can the information a hotel has about its clients be put together to reveal the most profitable segment for the future?
- How in detail is a hotel able to define a customer's profile without help of third parties?

Next the research methods will be displayed, which were used to elaborate this thesis and to answer the research questions above.

1.5 Research Methods

The data available for this research purpose was taken from the ASA J Hotel booking management program and was put to full disposal from the owners of Adler Resorts, Dr. Andreas and Dr. Klaus Sanoner.

The data was put under a quantitative analysis seen that the whole research is based on statistical analysis of the occupational data collected from 2004 until 2014.

The numerical data, also quantifiable data, is measured as ratio data because the relative difference or ratio between any two values can be calculated mathematically (Saunders et al. 2009, 418).

Data can be primary or secondary. Primary data is collected from the scratch, it then needs to be evaluated and analysed. It is much more time and resource consuming and needs clear analytistic sistematology. (Tscheulin et al. 2004, 412.)

Secondary data is collected from already existing data. This data will then be evaluated under a new objective and can sowith give new answers to different questionings. Secondary data can be of internal or external nature. Internat data are for example financial statements, customer or supplier information, HRM data, and so on. External data is information about an enterprise which is open to public, such as catalogues, web pages, official statistics, pubblications, and so on. (Tscheulin et al. 2004, 460.)

Seen that the available data incorporates more then 100.000 cells on excel, a quantitative analysis is the most suitable for the case of ADLER Thermae. The analysis and the outcomes will be presented in a statistical and very structural form. (Nalhotra, 2002, 168.)

The information was taken directly from the booking program of ADLER Thermae. The purpose of the research is essentially the clear analysis of the past collected data gotten trough the obligatory clients' registration at every arrival. The data is elaborated anonymously and does not include any information that could invade privacy in any way.

An interview with one of the owners, Dr. Andreas Sanoner was made. The purpose was to underline the theoretical framework and to get deeper understanding of the practical use of the worked out theory at Adler Thermae.

Dr. Anton Pichler, the general Manager of ADLER Thermae, provided different insights and important information to realize this interview.

Minnie Romano was as well interviewed; she is the ADLER Thermae Spa Manager.

Dieter Schnitzer, head of the administrative department at ADLER Thermae, provided the data to analyze. Luciano Rappuoli was asked for his opinion, he owns a restaurant with local cuisine in the village next to the hotel. Dimitry Naumenko gave an interview on Russian travelling habits.

The theoretical part was taken from school books and lectures, as listed below, as well as theoretical framework encountered during the schooling for the position as marketing assistant at Adler Thermae Spa & Relax Resort.

Reliability and validity

The data is reliable, seen that they come from the obligatory registration at the hotel. At every check-in a document is asked. The information about in- and outcome is taken from the financial books of ADLER Resorts. Every action, which involves payments of any kind, is registered there. This is why the raw material of the thesis has a high validity.

A variable factor in this thesis that has not 100% reliability is the number of children. Seen that a family can have 10 children but go on vacation with only one at the time, the registration data is not able to give a true picture on the whole family, only on the visitors.

In the following theoretical part, the focus will lay on finding the answers to the research questions layed out above through theoretical background found on the topic.

2 Direct Marketing and Segmentation

2.1 Definition of Direct Marketing

Direct marketing defines a direct communication with carefully targeted a narrowly defined segment to both obtaining immediate response and cultivate lasting customer relationship.

(Kotler et al. 2008, 823)

During the last two decades direct marketing changed. It started with face-to-face selling, went on with distribution of flyers on the streets, catalogue marketing, direct-mail-marketing and later telemarketing during the 80ies.

Nowadays with the new technical possibilities direct marketing entered the new dimension of Internet and all the pro's and con's that came up with it. Further direct marketing came up with the evolution of television, computers and smart phones.

This field of marketing is direct-responsive, here television marketing, mobile phone marketing, podcasts and vodcasts, UPC codes are used as a marketing medium, etc.

(Kotler 2008, 824-825)

Mr. Sanoner (2015) says in his interview that modern market does get more and more budget share, as well as time of the daily work, but will, nor now nor in future, get 100% of the positioning. Classic marketing, such as catalogues, will always be present and get an important position. Not all ADLER guests do cope with electronic devices, or that they do but they don't want when coming to book their vacation, seen that they need to work on electronic devices all day long. They still like something to touch and to bring home as souvenir.

Why is getting a complete image of the customer so important?

A big part of the marketing budget gets lost in dead ends, and this just because an imprecise research. It is essential to know the final client, so the investments can be concentrated on the right channels.

Nowadays it is possible to analyse the exact behaviour of customers on the Internet. The exact time when visitors are entering the virtual space, as well as the amount of

time they spent on the page. The page they got from and the IP-address of the users are no longer a secret. (Dychè 2002, 148.)

Online Marketing will be described next as an essential and match winning tool.

2.2 Online Marketing

The trend of investing in marketing shifts from classic mass campaigns to more customer tailored channels, which in most cases is to invest online. In the meanwhile online marketing grew to so much more than just an additional medium for big enterprises, but constitutes in many cases even for small to medium sized businesses a complete new business model. Online marketing does not just mean selling products or services on the internet but gives a lot different possibilities such as online catalogues, online show rooms and special offers on the internet to reach a wider range of customers. (Krum 2012, 56-64.)

At this point it is important not to dive into the World Wide Web without the needed preparation. The Internet can be the big brother saving a business, as it can be a money-sucking monster. It all depends how the enterprise uses it. (Anderson 2007, 49-60.)

Having a decent database is a good first step, the second is analysing it properly. The third step is using the information from previous customers to gain new ones. (Kotler 2013, 517-526.)

Customer databases

Having a good customer database is the beginning of a potentially good CRM.

Customer Relationship Management means using technological resources to get to know the customer throughout his/her past purchasing behaviour (Kotler 2013, 15-28).

Collecting data is an important investment, which often gets underestimated. Data just starts to make sense and give answers when elaborated properly. Data needs to be created out of a network of different fields. (Peelen 2013, 91-178.)

In the case of the ADLER Thermae data comes alive when put together as a network of back office (reservation and special requests on phone or per e-mail, demographic information), front office (conversations with the client once arrived to the hotel, special wishes and needs which came up last second, hotel staff which communicates details about the guest to the reception) and administration (payments and financial tracks).

Peelen (2013) emphasizes that companies do often underestimate hardware but as well software costs, seen that one can't work properly without the other. The company must be fully aware of what data want's to be collected before organizing the data collection, this because for collecting specific data, specific equipment is needed. Companies must be careful not to get lost into collecting data they don't need. In working out a proper customer knowledge strategy and making once an investment in letting the software being adapted to the own needs, high costs can be saved for later on and unnecessary data overwhelming can be avoided. (p. 94-95)

Brendel (2002) is of the opinion that CRM should not just go so to say "one way" from enterprise to customer but should especially try to have a look from the customer's view and see what the customer expects from the enterprise in an ideal way of thinking. The company needs on an intern organisational level to be ready to welcome the target customer and to serve him with the products and services the customer expects. (p. 38-43)

In the hotel business it is easier to define a more complete picture of a past guest's profile, seen that with help of the registration obligation the hotel has already the demographic information in its possession. The database gives the company a relatively detailed picture of the client and his/her behaviour in real life. The data includes geographic, demographic, psychographic and financial data, which, when put together properly, gives a general impression of the already loyal customers and an almost precise description of the future potential customer. It allows companies to locate good regions and subsequently build more profitable relationships to anticipate already their loyal customer's needs and reward them; it boosts cross selling and is so with a huge potential return on investment. (Kotler 2013, 509-510.)

Data are details: the data on which prospect became a customer, the value of the last purchase, the term within which payment was made and the customer's address. Data become information as soon as a user assigns a meaning to them. The data say something about the identity and profile of the customer. Information becomes knowledge as soon as action is taken on the basis of this information; because the customer's profile is known, we know when we should offer them which products or services.

(Peelen 2013, 93.)

As Peelen emphasises (2013), the challenge nowadays, in an era of digital databases and computers as one of our main source, is to combine different sources to get a clear picture. Market research, databases and day-to-day experience of people working at the front office need to be combined and can so give an up-to-date and consist image of the customer. This is for Peelen the root of success. (p. 94)

The theoretical outcome of a successful Market Segmentation will be presented next.

2.3 Market Segmentation

Definition

"A Marketing Segment is a group of customers anywhere along the along the distribution chain who have common needs and values - who will respond similarly to the company's offerings and who are large enough to be strategically important to their business."

(Nair 2009, 229.)

Markets and its segmentation

One of the first and most important decisions to take is if the product is supposed to be spread to the mass (mass marketing - "shotgun approach") or if the target is more specific (target marketing - "rifle approach"). There are different ways to approach customers. We will call them markets in the big picture, seen that every customer has individual needs and wishes. When grouping customers with similar needs,

companies will have an easier approach to the final target. (Kotler et al 2014, 219.)

Mass marketing focuses on quantity, companies with this goal try to get as many of their products or services as possible on all markets. The competition is very high and the main focus is going to be set on the price, seen that it is the main criteria for the final customer if more similar products are offered.

In target marketing the focus lays more on quality and originality. The competitors are not as many seen that it is more about individuality. It means at the same moment that the interested customers are less, but that the interested ones are ready to pay more for the product.

Many companies distance themselves from mass marketing and look for nice sectors. It is a good method to avoid the huge competition and to focus better on the customers themselves. (Kim et al. 2005, 84-97.)

Given that hotel Adler is more of niche product, we will focus on target marketing.

First the criteria must be defined, with which the customers will get grouped into the so-called markets. Different criteria might be similar wants, buying locations and resources, buying behaviour as all the demographical data.

Dr. Sanoner emphasizes how difficult it is to combine theory about segmentation with its practice.

"Marketing is not a science, that's exactly what features marketing. Therefore, it is often difficult to understand if you did right or wrong. In marketing, it is so hard to understand in retrospect whether you have made the right decision. One can measure campaign clicks, but how much will effectively then sold on the long-term period, is written in the stars."

(Dr. Sanoner Andreas, 2014)

Geographic Segmentation

An important step is to identify the geographical position, the nationality, the specific buying and living area of the clients. This gives very important information to focus more on the marketing, especially when talking about online marketing. A company needs to decide to focus on specific areas, with a good geographic analysis it can be easier to understand where the focus should be laid on.

Geographic customer preferences allow the company as well to adapt and, if needed change, the offer to meet the chosen target.

Such an example could be different food intolerances and allergies, which lead to a healthier lifestyle awareness. This trend started to spread in Central Northern Europe in the last half decade. Hospitality companies need to be flexible and adapt as fast as possible to the living trends of the potential customers. These small particularities might make the difference when choosing the accommodation for the vacations. For the hotel it is important to underline the particularities of the offer, customers must have a strong reason to travel thousands of kilometres to one specific hotel. It can be the location, which gives the input to travel far, but the real customer the hotel wishes to have travels far especially for the hotel itself. (Sullivan 2008, 10.)

Demographic Segmentation

In demographic segmentation the focus lays on variables such as age, gender, life cycle, education, occupation, religion and nationality of the customer. These variables are the most used when analysing customers profiles. One reason is that the customer's behaviour lays often very close with its demographic data, another reason is that it is the easiest data to get and analyse.

Even in studies, which are not specifically based on the demography of the target group, this data is needed to narrow and classify the interviewees. (Kotler et al. 2014, 223-224.)

Seen that this analysis will take a main part of the results in this thesis, a more specific description of the single criteria will follow.

Age and Life Cycle Stages

Customers needs and wishes change throughout their life. This makes the classification into different stages very useful, even if it is dangerous to fall into stereotypes. People in their forties might have grown-up children already while others just start up a family and others might not have family at all. This fact must be considered, so that the age and life cycle stage will yes give a direction in which the analysis might go but is not given truth as such. (Kotler et al. 2014, 224.)

Gender

Nowadays it is not possible anymore to differ drastically men and women. First of all, this could be taken as stereotypically incorrect; second of all there are not such huge differences anymore like ages ago. Although this factor is not meaningful when standing alone, it can be a different making source when combined with other factors, such as occupation, lifestyle and family status.

Psychographic Segmentation

When working on a psychographic segmentation, the following elements need to be considered: lifestyle, personality and the social class. Where demographic information is more exact and easier to calculate and to collect, psychographic data is more valuable, seen that it gives to numbers (the demographic data) a face. The combination of both gives an already very meaningful picture of the customer and the customer-to-be.

For stable hospitality companies it is difficult to get the real data from their clients, seen that not every guest gives information on their favourite leisure activities, but it can be guessed from the buying behaviour of the guests. With this it is explained that the psychographic elements won't be as precise as the demographic information. Many companies work mainly with psychographic elements, seen that on this way people are touched by their emotions, their experience and their feelings and feel the offer or the product tailor-made and not as mass-oriented. The difficulty is to analyse and use the gotten information in the right way and getting it to the chosen target. (Kotler et al. 2014, 226-227.)

Behavioral Segmentation

When the behavioral segmentation is applied, the customer group gets divided into groups based on their knowledge, their behaviour, their attitude and their response to a certain product.

Occasion Segmentation

The occasion segmentation is based on the different situations in which people are willing or easily influenced to purchase. Such situations could be Christmas, birthdays, but as well the holidays created of the market itself such as Valentine's Day, Mother's day or other situations which were originally and traditionally not combined with consuming. The different markets created these peer behaviours to boost the economy.

Benefits Sought

Buyers may as well choose specific products according to needs they want to relieve. This detail is a good factor for finding the right client. The pharmaceutical industry for example works almost exclusively with this criterion.

Repeaters or not?

Clients can also be divided according to the frequency of their usage or purchase of a certain service or product. Out of this information an occasional client may be turned into a loyal frequenter. Here different industries work with fidelity cards or rewards to boost the constancy of the already gained client.

At this critical stage the client needs to feel important to the brand and start to identify him/herself with the product. Once fidelized, the client gets more and more insensitive to price-shifts. The regular user pretends a certain quality and satisfaction from a product, when this is granted, small price differences won't influence the usage or the choice of the product/brand (Jiang et al. 2002).

2.4 Targeting different segments

Armstrong et al. (2010) write that once a proper segmentation is done and all the possibilities are well laid out, the company needs to define the criterias of the segments worth targeting.

Segment Growth and Size

The segmentation of the different markets shows the profitability and the potential for a firm. Here the company has two different options of choosing the way to go:

1. Selecting bigger segments: a big company may choose this segment because the margin and profitability is bigger, even tough the company must be aware of the bigger competition and the large price pressure when targeting this segment
2. Selecting smaller segments: this option might be the best solution for small to medium sized companies. The profits might seem smaller in the beginning but they might return with savings on necessary investments when fighting with big firms with already stable positioning in certain markets.

Structural Attractiveness

Segments might seem profitable from the size and growth, but not have the structural attractiveness for positioning. This might depend of too many competitors in the field, which might lead to a huge price battle. Even if the market is growing fast, the profit might be in proportion too small to compete on high levels.

Company Objectives and Resources

As Armstrong says, the company must define the budget for the investment in a certain segment. It might be too expensive in the beginning, even if the future could promise certain returns on investments. The opposite could be the case that a company needs to decide against a today interesting segment because it could harm other chosen segments in the future.

Another factor for not choosing a certain segment might be that it would not fit the company's objective. An attractive segment that would be profitable and affordable for the company could distract from the company's main goal.

Entering certain waters in business might put the company in danger of losing long year customers. An example could be a local producer shifting the production to countries where the handcraft is cheaper and maybe even where labour might include minors to achieve mass production to increase the margin. This fact could affect the good belief in a company's ethical integrity and consequently danger the loyalty of more faithful customers than the ones the company would gain. (p. 202-210)

Companies should just choose segments which:

- promise the right return on investment
- fit the company's ethical, social and environmental profile
- are affordable on a competitor's level
- are attractive on the long run

(Armstrong et al. 2013, 202-210.)

2.5 Positioning and Differentiation

After the segmentation and the chosen target the company needs to start analyze the intended positioning. A product or service positioning happens in the customers' head, it is the final and essential opinion that the final consumer has in his mind when reading, hearing, talking or thinking about the product, the brand or the company. Before developing a suitable positioning strategy, the company must define exactly what image that it wants to give to the consumer. If the product is

widespread, the focus should lay on the brand. If on the other side the differentiation lays in the exclusivity of the product itself, it can be the combination of the product and the brand that should pop into some ones mind when certain needs come up.

Different Strategies: it all depends on how you sell it

The company must be careful when working out the positioning strategy, seen that what can be a positive aspect in one mind can be negative in another. On the other hand can a strong marketing team turn a not so positive aspect into the biggest strength just with by giving the client a different point of view. Taking an example out of hospitality: A hotel in the middle of the countryside could be seen as out of every connection, completely excluded from all happenings and hard to reach. On the other hand it can be seen as this hidden romantic place, far from all urban noises, exclusive and authentic.

The most important aspect when positioning the brand is to create this unique bond between the customer and the product. The product or service must seem authentic and sincere to the final customer, this will make him/her decide for one product instead of another. (Blanchard 2012, 179-182.)

Product differentiation

Especially for leisure hospitality companies it is essential to differentiate themselves from their competitor's. This can happen with the differentiation of the position, a special way of building (physical attribute advantage), services, brand, additional activities or the personnel level.

Location

The location can be a very strong competitive advantage. It is a factor that is almost impossible to copy for competitors. (see Figure 1)

Andreas Sanoner says, they only choose locations, where the guest feels completely immersed in nature. A good example is the ADLER Thermae in Bagno Vignoni. Before the Sanoners built the Resort 11 years ago, there was nothing then a travertine

marmour cave. 6 years ago this area, the Val d'Orcia, has been declared UNESCO World Heritage.

"Where the daily routine has never been further away"



Figure 1. View from the hotel garden and from most of the hotel rooms

Physical Attribute Advantage

A very strong competitive advantage can be the architecture of a facility. This can be characterised from very modern structures (nHow Hotel in Berlin, Germany), to hotels built in old castles (Dalhousie Castle, Edimburgh, Scotland), monasteries (the Monastero Santa Rosa on the Costiera Amalfitana, Italy) or light houses (Vuurtoren Harlingen, Netherlands).

Hotel ADLER Thermae for example let the main house build after a traditional Tuscany villa, this gives the traditional flair to an eleven years old 5-star hotel. (see Figure 2)



Figure 2. The 11-years-old Resort has its main house inspired by a Tuscany villa.

Service differentiation

An essential tool to differentiate one self's hospitality infrastructure from the other one's are the offered services. This tool is very affective, seen that, in difference of the location, service can be added, modified, included or adapted to the customer's needs.

On the other hand it is easy for competitors to copy successful services, this makes out of services a constant changing and active tool. The facility needs to stay open-minded and adjust the own services to other offers on the market.

Dr. Sanoner says, he as an interpreneur tries to copy as less as possible.

"Once you are too busy to copy what others are doing you risk to loose track from what you wanted to do from the beginning."

Personnel Differentiation

In the hospitality business the chosen staff can make a huge difference, seen that more then in other fields, people are much more sensitive on the hosting person's attitude, behaviour and friendliness when they are on vacation. People want to be treated in a special way when they go on vacation. It is so with essential to choose the staff very careful in a vacation Resort.

The Sanoner Family opened the newest of the ADLERS in July 2014. The ADLER Mountain Lodge counts only 30 rooms and for this small hideaway the Sanoner brother worked on a complete new concept when it comes to the hotel employees: The labor force is counted; there are about 30 employees who work different shifts in the hotel. Where the concept is different in this hotel is that on the Mountain Lodge people are first of all not divided into certain divisions of labor. The receptionist for example helps out in the restaurant in the evening, the bar keeper makes the sauna infusion and the waiter goes to hike with the guests.

In the evening the staff of ADLER Mountain Lodge often gathers with the guests over a nice glass of wine; this all to create a very liberal ambience. There are two general managers, two very young women, Daniela and Sara, who are both responsible for the hotel management but the rest of the staff is not subordinated to any hierarchical order.

"This way of working as a big family is of course only possible in such a small hotel as the Mountain Lodge, otherwise it would not be possible to organize the daily work", says Andreas Sanoner.

Image Differentiation

Nowadays standards for services, personnel, quality and physical attribute are so high, that it is sometimes hard to find differences between offers of the same quality-level. The brand then often gives the final input to decide for one and against another facility. (Brymer 2009, 166.)

Dr. Sanoner (2015) defines brand forming as something that happens in the customer's heads. The customers use the brand as guarantee for a product they don't know yet. After they got to know the product and they had a positive experience, they start to identify with the brand. This is the way a brand diffuses as such, Dr. Andreas Sanoner says.

The next part of the thesis consists of the results of this research and will answer the research questions with numbers and figures.

3 Practical Framework and Results

3.1 Introduction

For the practical framework, the data was taken from the Hotel booking program ASAJ, which is a South Tyrol designed booking program.

The data for this thesis consisted more or less about 1.000.000 different registrations during 10 years of activity of ADLER Thermae. This data turned into Customer Knowledge once meaning was given to it. Specific questions and goals need to be settled, like explained very clearly from Peelen (2013).

The single registration factors need to be put together, evaluated and re-orderd until they reveal answers to the formulated questions. The analysis of the data is time and source consuming but is one of the most valuable sources for return on investment the hotel has. (Kotler, 2013.)

During the literature review, segmentation has been analyzed from an ideal perspective, which means from a not realistic point of view. The theoretical framework explains how a detailed segmentation should be elaborated. This is only possible assuming that infinitive data would be available. When I started to analyze the available data, only reduced amount of factors were possible to be collected from the hotel database.

As explained in the theoretical framework, the complete customer profile consists of different factors, such as geographic features, demographic features, psychographic features and behavioral features. The more features are included in one profile, the more different segments can be taken into consideration, the clearer gets the profile and the better the final target customer can be reached without too many detours. (Kotler et al. 2014.)

The factors I was able to extract were limited on geographical and demographical data, I did get as far with the available information as possible. To get more information from customers, third parties would have needed to be involved, such as

Google, Yahoo or other search engines working with cookies and so come to information about the customer's interest and life style. This is where a hotel reaches its limits. A touristic enterprise would not just with the obligatory registration be able to create a life close profile of each segment.

Another possibility would have been a qualitative research with questionnaires to the customers, but this would have been very time and source consuming. This was not possible for this bachelor's thesis. It could be an interesting topic for a master's thesis though.

The data analyzed is reduced to the years 2012 and 2013.

The goal of the analysis will be to identify the potential customers for the future, excluding the Italian guest.

Seen that at the moment the Italian guest makes approximate over 60% of the total customers at ADLER Thermae, we want to identify the potential of other nationalities with this thesis. The process would be very long to calculate the exact real potential of the alternative Nations of future guests, seen that an analysis of the registration data would not be enough descriptive. Taken the limitation of resources and availability of data, this thesis is limited to a statistical representation of data collected during obligatory registrations at the hotel itself.

The following data still includes Italy as a component to show the proportion of the future potential of foreign customers.

3.2 Company Objectives and Resources: SWOT-Analysis for ADLER Thermae

For getting a deeper understanding of the company, and so with of the customers the company is targeting, a SWOT-Analysis will follow, getting into ADLER's Strengths, Weaknesses, Opportunities and Threats. (see Figure 3)

A SWOT-Analysis helps small to medium sized businesses to picture their position and to define new opportunities. This way it can help to adapt the strategy to the company's needs and to help building up a suitable strategy. (Goodrich 2015)

The SWOT-Analysis is ideal for realizing where the enterprise stands at the moment and what possibilities could still be open. This kind of Analysis does not give a clear structure of a strategy; it gives more inputs, which can then be elaborated to a structured strategy. (Kehrt et al. 2007, 225-230.)

The SWOT-Analysis is just right for this case study; it gives a general overview of where ADLER Thermae stands and a practical introduction of the hotel to the reader. (see Figure 1)

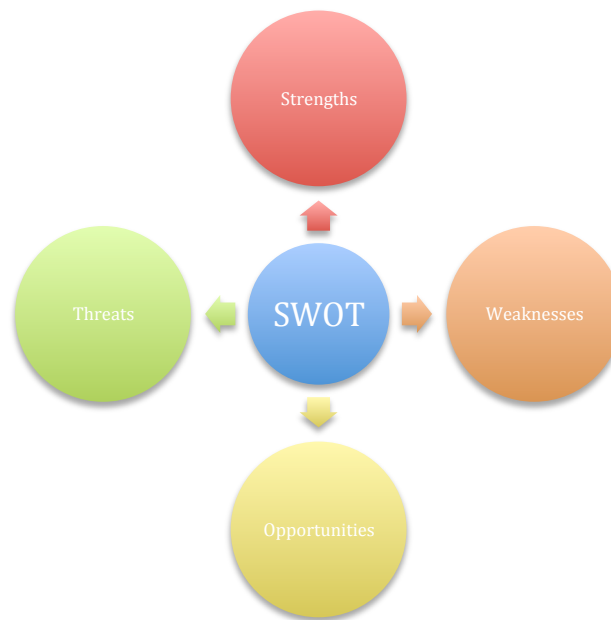


Figure 3. SWOT-Analysis Model

- Strengths:
 - Brand
 - Location
 - South Tyrolean quality with Tuscan flair
- Weaknesses:
 - Connection to highways, train stations and airports
- Opportunities:
 - Become better known as thermal centre
 - Getting known internationally
- Threats:
 - The change of the Italian economy
-

Strengths

Brand:

The brand ADLER Resorts is now very strong on national base. In Italy ADLER stands for high-class, quality hotels and is known for having luxurious infrastructures in unique places.

Location:

ADLER Resorts are all placed in the middle of nature.

Dr. Sanoner says that urban locations or pure turistic places (such as Portofino) would not fit their strategy. The Sanoners choose the location from the guest's point of view, less for a lucrative advantage. The Return on Investment then comes in the years for the uniqueness of the places.

ADLER Thermae for example was build out of a quarry of travertine marmour. It is somewhere in the Val d'Orcia, where no one could imagine that such a project would have been possible. Their vision is to create something spectacular where people could go and recharge their energies.

South Tyrolean quality with Tuscan flair:

What guests appreciate at ADLER Thermae is the combination of the South Tyrolean functional Organisation and the typical Italian leisure lifestyle. The manager of the hotel is Dr. Anton Pichler, an Austrian Hotel Manager who was educated and trained in Switzerland. He moved to Tuscany with his family 9 years ago. The Sanoner Family chose this combination to first of all guarantee a more general point of managing. Secondly, this is a strategy to give this international touch to the whole organisation. Above all, the spirit of the ADLER Family is very present in the ADLER Thermae, eventough the owners can for logistical reasons not be as present as in the ADLER Dolomiti in Val Gardena, where they both live with their families.

Weaknesses

Connection to highways, train stations and airports:

This issue is especially present given the choice of the extraordinary locations. When taking the decision of building hotels in real natural ambiances, the weak spot of it is

not to be as well connected with national, nor international airports, with important train stations nor highways as such. This is the biggest weakness, which makes it hard for the brand to expand worldwide. The product itself would have a huge potential for foreign markets, the weak spot is just that guests would have to accept a long getting there.

Opportunities

Become better known as Thermal centre:

The ADLER Thermae has the award of Thermal Centre since 6 years. This means that medicals can prescribe certain cures against illnesses of customers, they then can get in Thermal Centres.

"This was a very important step for ADLER Thermae", says ADLER Thermae Spa Manager Minnie Romano, "This way we step one step further from making people look better, we make them feel better and we help them getting healthy again."

The Thermal Centre could get even better known as such, until now the esthetic awareness of ADLER Thermae prevails the therapeutic awareness.

Getting known internationally:

The potential for international guests is huge. ADLER Thermae is a product, which everyone has dreamed about already. This is especially given through numerous film shoots in this exact area of Tuscany, the Val d'Orcia. (www.tuscanyintour.com)

This makes the marketing for this special place so much easier, seen that you don't need to introduce the location to anyone, you just need to create the right offer that makes them want to visit this already known place.

Threats

The change of the Italian economy:

As shown in the statistical drawing up, the Italian customer still prevails, even though it changed a lot during the last 3 years. The economic crisis has very much to do with it. Dr. Sanones says he sees the drastic change in the customer base, but he is nevertheless full confidence that Italy will be able to stand up from this momentary dark period, seen that Italy does have such a rich historical

background and a deep cultural heritage of different hand crafts, not to speak of the huge potential in tourism with its unique locations and the deep roots of the Italian cuisine. This crisis is even more perceptible in ADLER Thermae than in the other ADLER Resorts, seen the position exactly in the middle of the Italian Boot. ADLER Thermae lays exactly 2 hours drive from Rome and 2 hours drive from Florence; this means it was easy for Italians just escape for even just two days, to longer stays of weeks.

Considering the different points of the SWOT-Analysis, the database of ADLER Thermae will be elaborated and analyzed, to identify the potential segment for the future.

3.3 Customers of ADLER Thermae divided into Nations

These are the first steps of transforming data into Customer knowledge. The single elements need to be put together until the customer's profile gets a clear shape. With few, but essential, information that are given from the registration it is already possible to create a picture of the client that can be already a good approach towards more detailed analysis.

For the evaluation of the different Nations, the 7 most frequent nations have been taken into consideration (Italy, Germany, Swiss, Austria, United Kingdom, France and Russia). The "Top 7" will for clearer numbers in statistical evaluations, after this first diagram, make 100%.

Table 1. Nights per year of all nationalities of ADLER Thermae guests (Top 7 nations highlighted in green)

	2012		2013	
ITALY	36781	68,2%	36216	65,2%
GERMANY	5542	10,3%	6415	11,5%
SWISS	3583	6,6%	4353	7,8%
AUSTRIA	1457	2,7%	1919	3,5%
UNITED KINGDOM	1121	2,1%	1118	2%
FRANCE	778	1,4%	819	1,5%
RUSSIA	385	0,7%	727	1,3%
TOT TOP 7	49657	92%	51567	92,8%
OTHER NATIONS	4317	8%	4000	7,2%
TOTAL	53964	100%	55567	100%

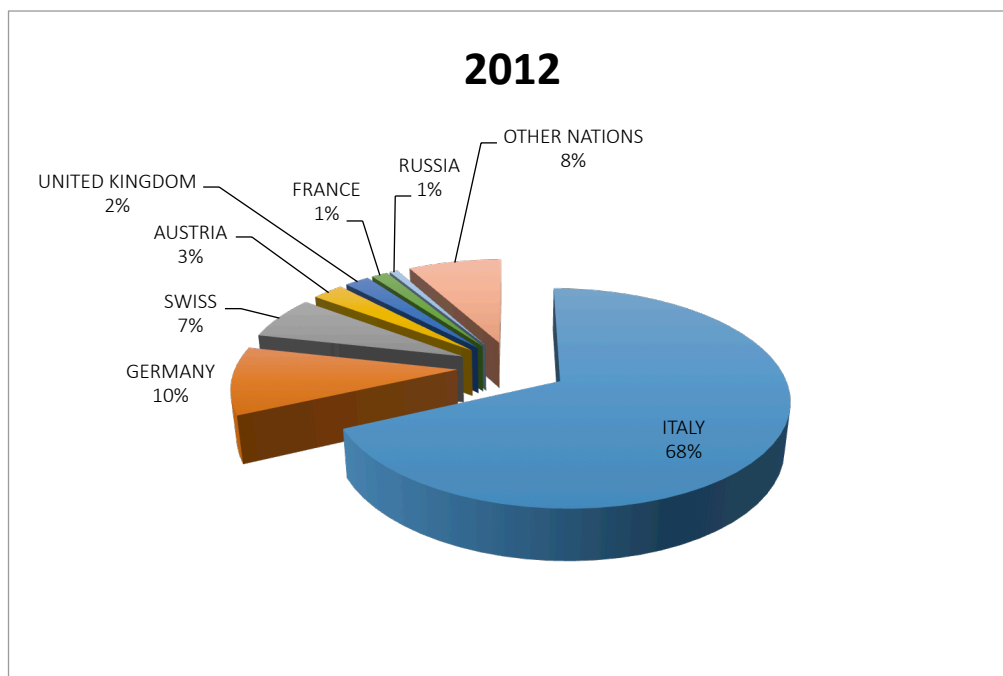


Figure 4. Diagram to Table 1, percentage of nights per Top 7 nations in 2012

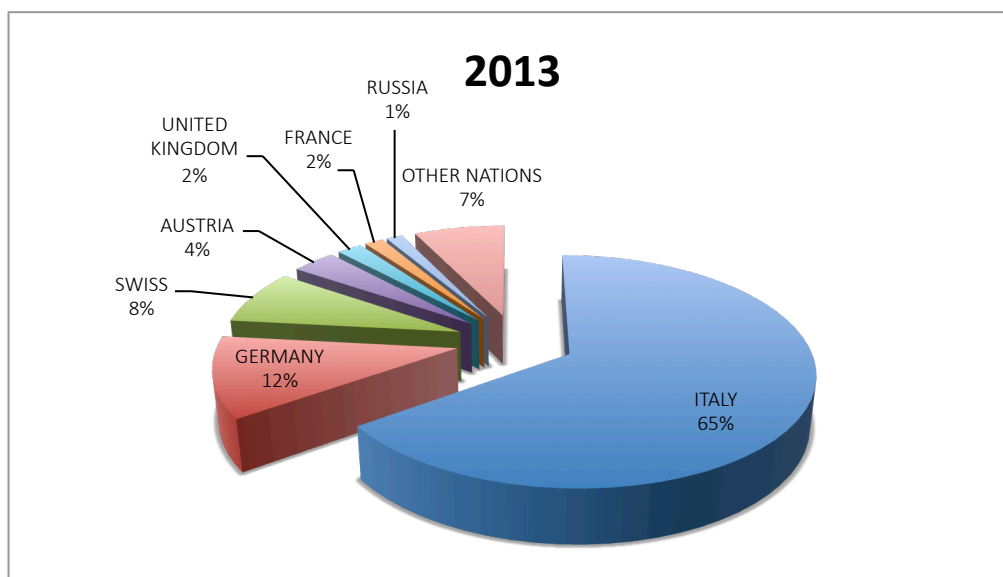


Figure 5. Diagram to Table 1, percentage of nights per Top 7 nations in 2013

To show the relevance of the other Nations, Italy has been excluded from the next graph. This way the potential of the other Nations comes more to light.

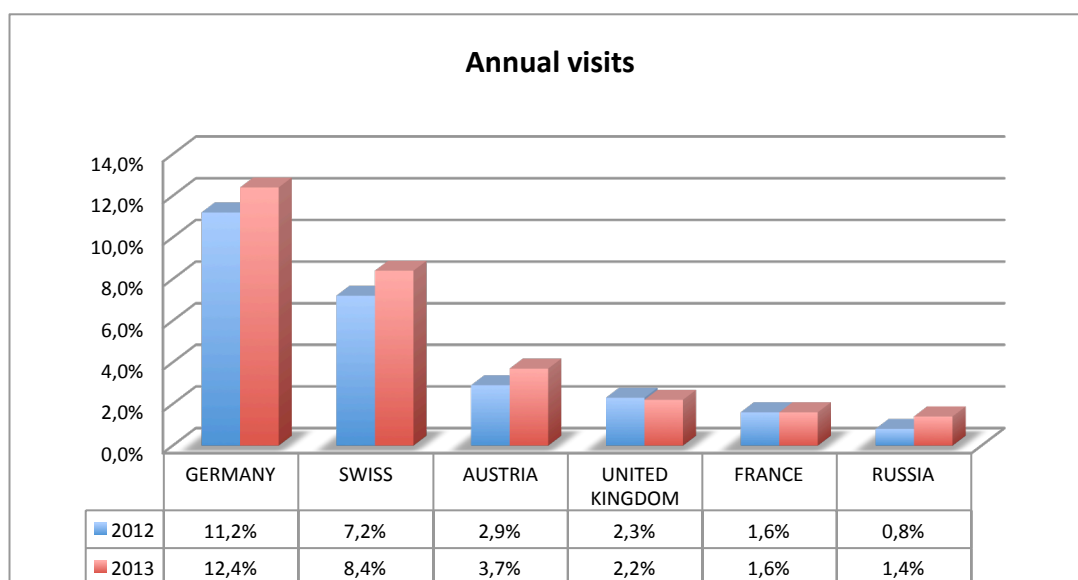


Figure 6. Percentage of the Top 6 nationalities, excluded Italy, considering the annual visits

On Figure 6 it is evident that there is a big potential in the Russian market with an average of spent nights during 2012 and 2013 of only 1,2%. The tendency is visibly growing (see as well Figure 7). According to Dr. Sanoner Andreas, Russia would definitely be a very interesting market. Unfortunately the Russian market is as interesting as it is hard to reach. The physical distance isn't even the biggest barrier; but it is to consider that since Russia is the farthest country from this list, it is already well positioned.

Germany, Austria and Swiss on the other hand are the direct neighbours and are so clearly a target, even though we will see in the following charts that these nationalities aren't as interesting nor are they as profitable as Russia.

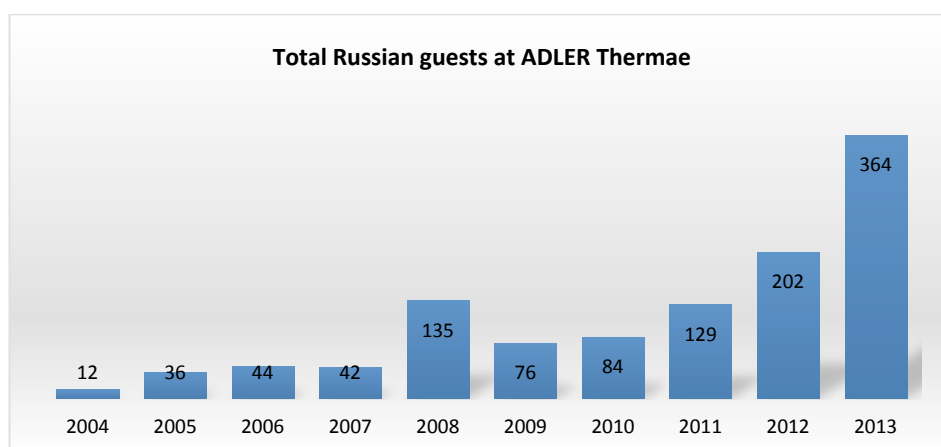


Figure 7. Evolution of Russian guests since the opening of ADLER Thermae

3.4 Age of ADLER Thermae clients

The following diagram (Figure 8) shows the age of the Top 7 nation customers of ADLER Thermae. This information is taken from the obligatory registration at every check-in, here the data is very precise and reliable.

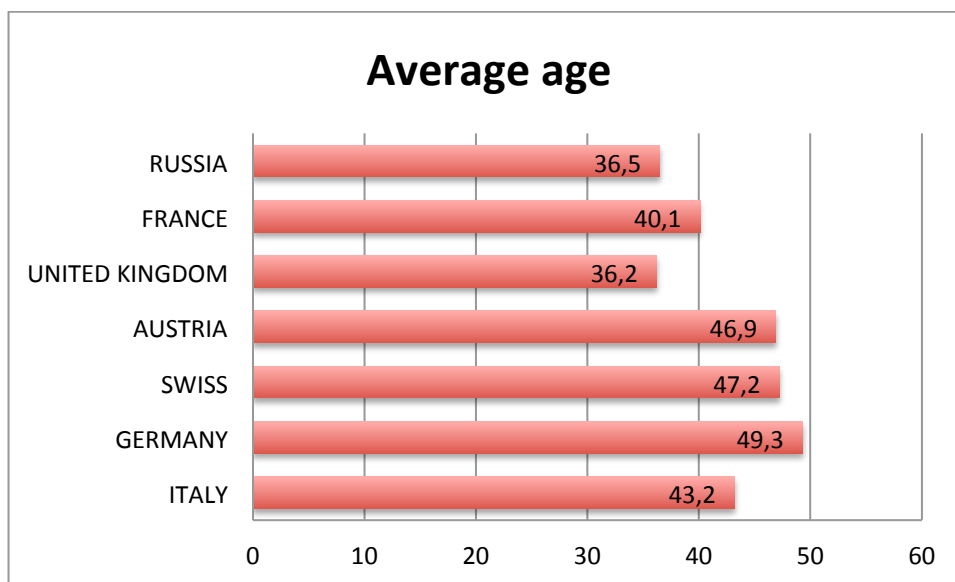


Figure 8. Average age of clients of Top 7 nations

In Figure 8 it is shown how different ages ADLER Thermae guests have. The youngest guests come from the United Kingdom and Russia with a little more than 36 years, the top makes Germany with an average of almost 50 years. The concept of ADLER Thermae does fit well to this age range, seen that the offers are very wide and not at all, like other Thermae Centers, just specialized on sicknesses, which then attracts the effected, mostly people of elevated age.

3.5 Type of clients - families vs. couples

ADLER Thermae is not a family hotel, although every hotel needs to accept the smaller members of families. The concept is, as said above, more of a Luxury SPA. For this reason the Family Suites (Family rooms) are limited. The Kids Club is well equipped, to welcome the smaller guests, but they are still not the most convenient clients. First of all, children are not supposed to shoud not jump into the swimming

pools. It is very often that guests claim kids to be quiet, seen that they don't expected nor appreciate children in a SPA center.

In Figure 9 the average number of children per couple will be shown graphically of the Top 7 nations.

Table 2. Total children of the Top 7 nations

Total children < 18		
	2012	2013
AUSTRIA	24	33
RUSSIA	17	32
FRANCE	32	31
GERMANY	71	98
ITALY	1680	1740
UNITED KINGDOM	53	50
SWISS	62	63

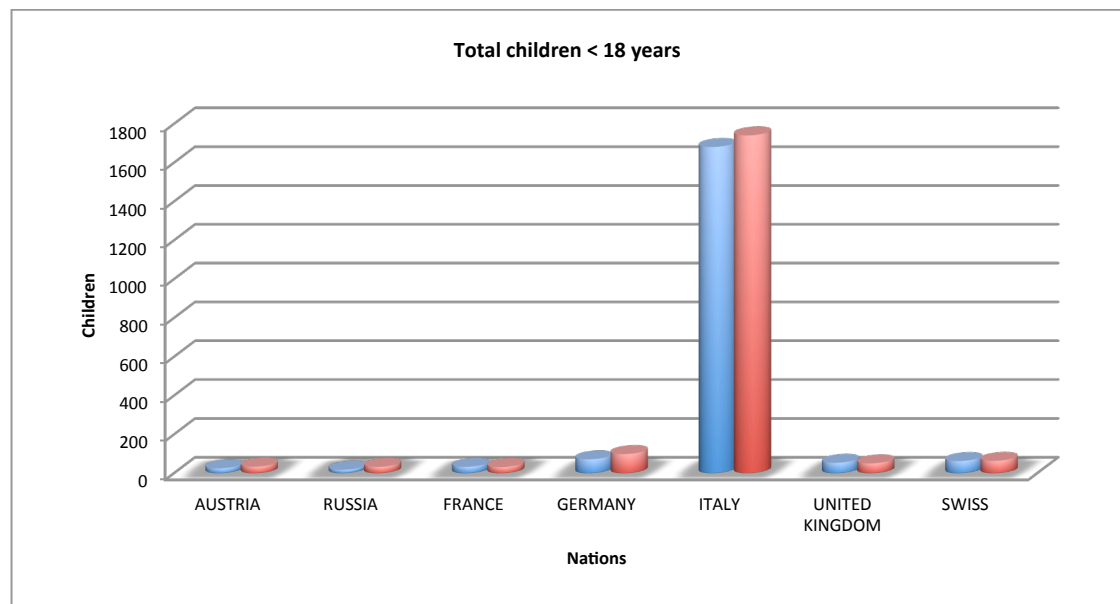


Figure 9. Diagram to Table 2, total children of ADLER Thermae guests (blue: 2012; red: 2013)

Most of the clients visit in pairs, this is shown in Figure 14, seen that the daily rate was during 2012 and 2013 of more or less 512€ per adult couple (depending on the season).

3.6 The SPA and it's clients at ADLER Thermae

ADLER Thermae is very special in a lot of ways. An example is that this resort does not appreciate clients who book long lasting vacations. This fact has different reasons. The most relevant is the SPA. ADLER Thermae is mainly a Wellness hotel. The guests of ADLER Thermae go there for short relaxing vacations. It is a luxury Resort, where people tend to spend a lot of money in short time. It is not a hotel for this typical family 2-weeks-vacation. For ADLER Thermae a profitable client stays for a maximum of 4 days, seen that statistically clients book an average of 2,3 treatments per stay, as shown in the graph below. Seen that the Spa is a major source of income of the hotel, a client staying 2 weeks and booking 2 treatments is not as interesting as a client staying 3 days and booking 2 treatments. (see Figure 10)

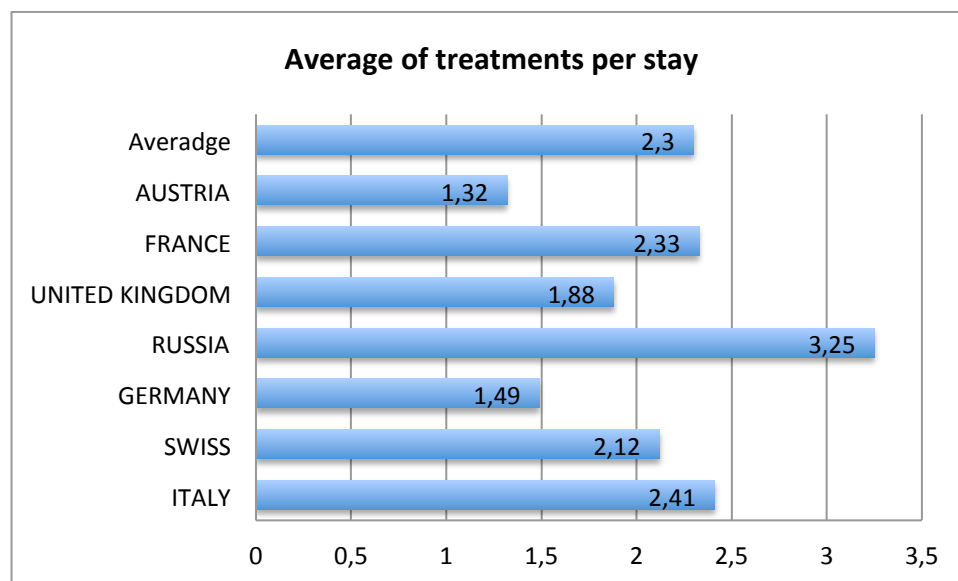


Figure 10. Average of booked treatments of the Top 7 nations per stay

In the graph above (Figure 10) it is clear to see the high SPA-consumption of Russian guests with 3,25 treatments per stay. German and Austrian guests do not use the SPA as much, seen that their main goal for vacation in Tuscany is to discover the typical Tuscan villages and its surroundings. Dr. Anton Pichler, the general Manager of ADLER Thermae, says: "That German and Austrian guests come by their own car and want to discover the surroundings by themselves. They use the hotel more as a "stop and go", they don't consume as much as other guests and are more in Tuscany for the region itself, less for the hotel's services, these are just a nice plus. These

guests are very important to the hotel since they return mostly once they spent a holiday at ADLER Thermae. They love the excursions and the outdoor program the hotel offers." (2014.)

Russians are therefore good clients because they are looking for exactly a place like ADLER Thermae, where they can use the SPA, are surrounded by beautiful landscapes and can drink and eat high quality products.

"Beauty is very important to Russian women. They book numerous spa treatments and buy a large quantity of products in the Spa shop. They appreciate the "Made in Italy" - brand and don't really pay attention to costs when it comes to health and beauty treatments." (Minnie Romano, Spa Manager ADLER Thermae, 2014)

The Spa income is a very relevante factor to analyze the value of the ADLER Thermae customers, seen that the Spa department made 16,4% of the general income in 2012.

3.7 The spendings of the Top 7 nations

In the following scale the expenditure of the different nations are shown.

Table 3. Total spendings in € in 2012 and 2013 of Top 7 nations

Income per Nation per Year		
	2012	2013
ITALY	10.895.331,54 €	10.716.861,59 €
GERMANY	1.309.869,00 €	1.625.505,49 €
SWISS	995.856,35 €	1.210.914,01 €
AUSTRIA	353.429,40 €	493.367,69 €
UNITED KINGDOM	332.787,16 €	318.198,96 €
FRANCE	229.720,52 €	227.219,52 €
RUSSIA	118.101,83 €	238.737,70 €

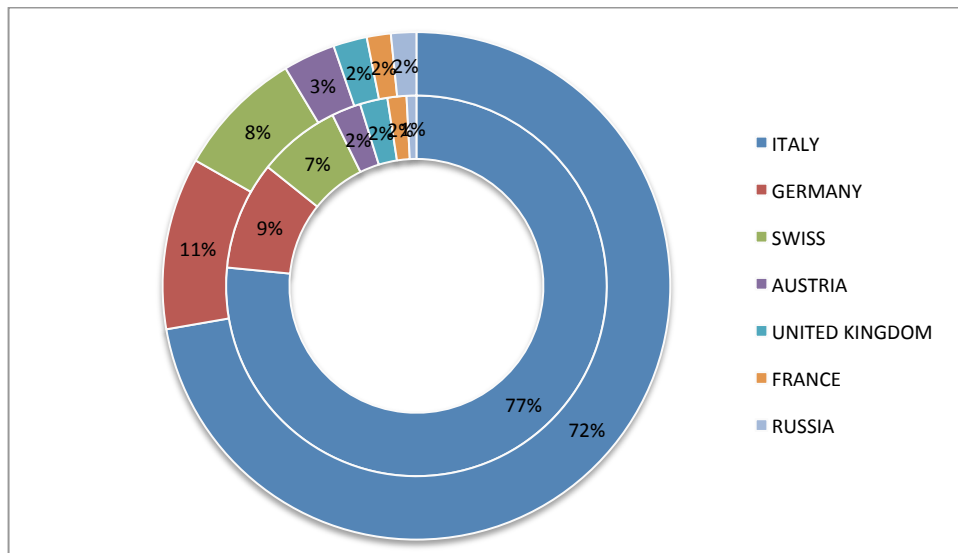


Figure 11. Outcome per Nation per year, internal ring 2012, external ring 2013

In the donut diagram (Figure 11) it is clearly shown that Italy is the main income source for the ADLER Thermae, and so with indispensable for the Resort. This is exactly where ADLER Thermae needs to find an alternative customer, considering the ongoing economic situation.

Another reason for looking for a potential substitute for Italy as main customer is that Dr. Andreas Sanoner insisted that in marketing the most important is not to depend on anyone or anything; this meant not only when speaking of service providers or business partners but as well when it comes to customers.

3.8 Putting the outcomes and the length of stay together

In Figure 12 the colons represent the days per stay. As explained before, customers spending fewer days at ADLER Thermae do convene more than long-stay customers. It is clear to see in the graph, that German guests do tend to spend more days per stay in ADLER Thermae with an average of 6,42 days per stay. This can be explained as well from a logistical point of view. German guests do prefer to travel by car, they don't mind spending an entire day in their cars, once arrived they want to spend more days in the location they traveled so long for and enjoy the surroundings.

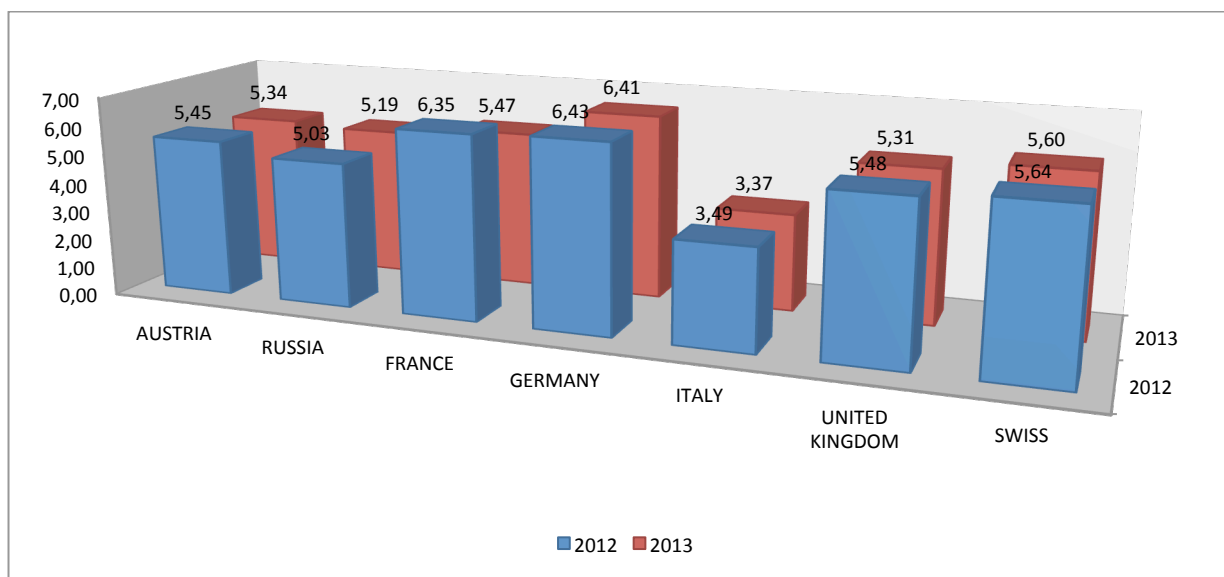


Figure 12. Average of days per stay of Top 7 nations

On Figure 12 above the nation with fewer days during one stay after Italy are the Russians. It will be shown in the next graphs, how and why Russian guests would be the most interesting target for ADLER Thermae (see Figure 14).

On the same figure can also be observed that even if German guests stay the longest, they don't have a bigger rentability for the hotel (see Figure 14). On the opposite, Germany is the Nation, which spends the less per day. The day-price in 2013 was 254 € per person; when a package of more days was booked, the price was lower. This means that Germans and Austrians did take packages but had almost no extra expenses during their stay at the hotel; no vines, no treatments, no excursions.

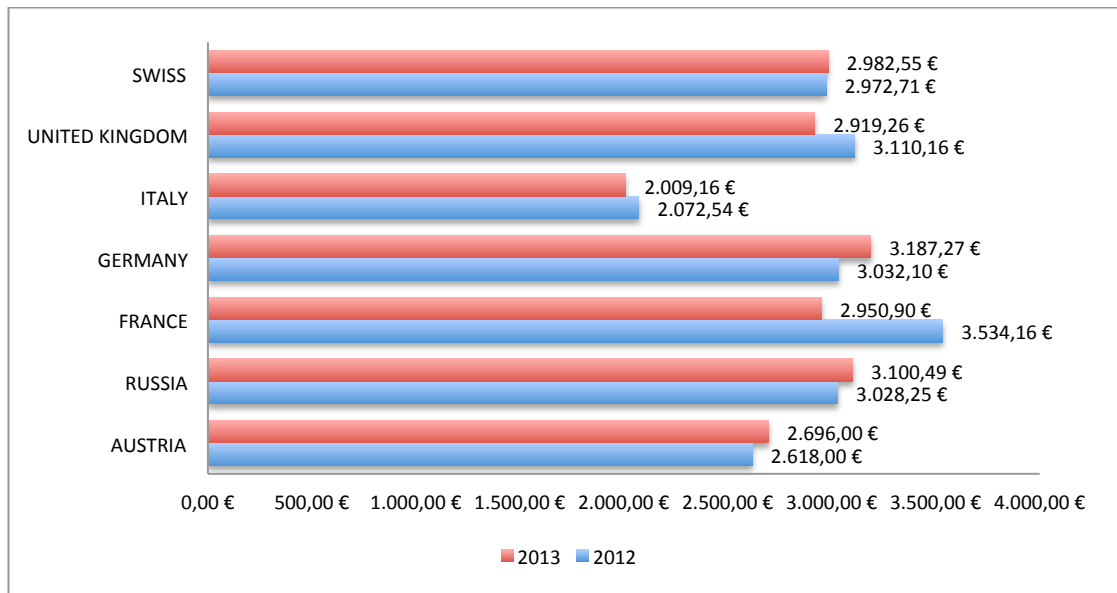


Figure 13. Average of output in € per stay of Top 7 nations

In Figure 13 Germany seems economically speaking interesting, but once that the average output is divided for the average length of stay the real rentability comes to light.

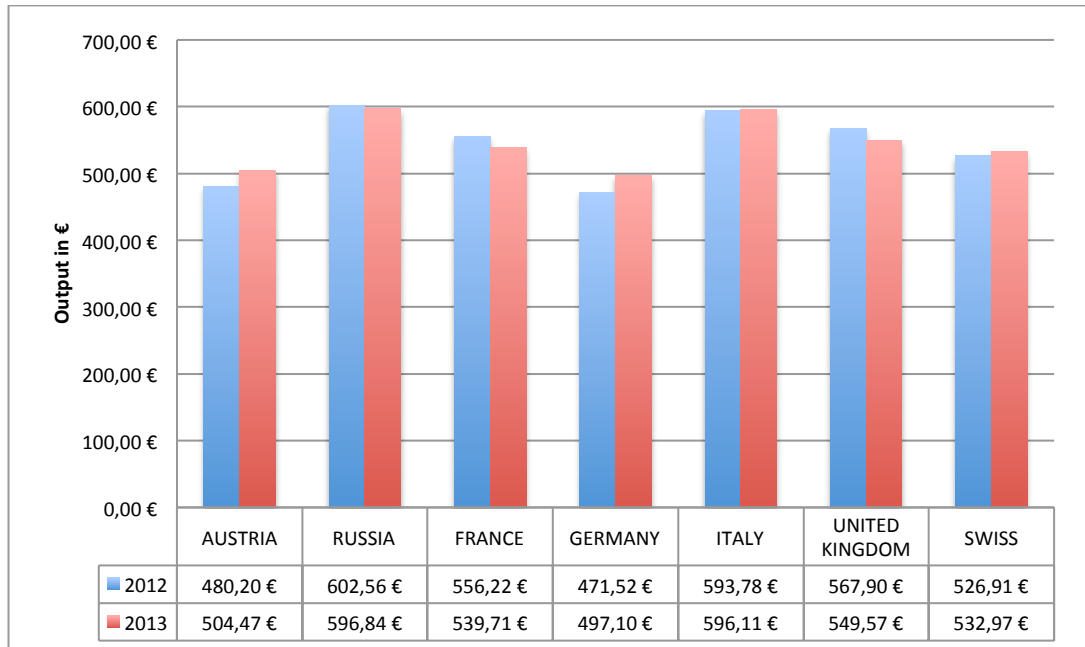


Figure 14. Average output per couple per day in € of Top 7 nations

If we analyze Russian guests' behaviour, we see from the diagram above how interesting Russian guests are from an economic point of view. First of all, Russians don't drive to Italy; that would be far to far. This means that Russians depend on the

hotel's service, already when it comes to transfers (except for them who rent a car, but Russians prefer letting someone else drive in countries they don't know). (D. Naumenko, 2015)

The next plus for Russian guests are the average days. Russia is the nation after Italy when it comes to short stays. This is much more convenient, as explained above, for the consumptions in the restaurant and at the Spa.

Russia has a large Spa-culture. They use sauna a lot and know how to appreciate treatments and health offers. (Naumenko, 2015)

Ludovico D., owner of a Tuscan Restaurant in Bagno Vignoni, says: "Russians consume a lot of wines and don't really pay attention to the cost of their consumptions. Russians mainly come to Italy to eat and drink. Truffles are very appreciated by Russians as well and these special dishes do make their bills very important." (Interview of the 23.02.2015, by phone)

Single facts about ADLER Thermae clients have been put together and out of data, customer knowledge was gained. Individual components have been put together and finally the most profitable client for ADLER Thermae for the future has been identified.

3.9 ADLER Thermae clients and its profile

After collecting the single factors for the segmentation of ADLER Thermae clients, putting them together for getting new answers and interpreting them, here come the profiles divided into nationalities.

The factor called "children", which indicates the amount of children the couple goes on vacation with has been left out for the simple reason that just because people come in pairs to the Resort doesn't mean that they don't have children at home. They might as well bring everytime a different child to the hotel. This is why the validity of this factor is not high and has so with been left out for the general national profile of the ADLER Thermae customers. The results are the average of the years 2012 and 2013.

Italy

Total percentage per year:	66,7
Age of the guest:	43,2
Days per stay:	3,43
Treatments per stay:	2,41
Outcome per day in €:	594,95

Germany

Total percentage per year:	10,9
Age of the guest:	49,3
Days per stay:	6,42
Treatments per stay:	1,49
Outcome per day:	484,31

Swiss

Total percentage per year:	7,2
Age of the guest:	47,2
Days per stay:	5,62
Treatments per stay:	2,12
Outcome per day:	529,94

Austria

Total percentage per year:	3,1
Age of the guest:	46,9
Days per stay:	5,4
Treatments per stay:	1,32
Outcome per day:	492,34

Great Britain

Total percentage per year:	2,05
Age of the guest:	36,2
Days per stay:	5,4
Treatments per stay:	1,88
Outcome per day:	558,74

France

Total percentage per year:	1,45
Age of the guest:	40,1
Days per stay:	5,91
Treatments per stay:	2,33
Outcome per day:	547,97

Russia

Total percentage per year:	1
Age of the guest:	36,5
Days per stay:	5,11
Treatments per stay:	3,25
Outcome per day:	599,7

The nation profiles can be used to start further research on how to reach the right target. In online marketing it is useful to know from whom the resort wants to be found. This way it is easier to start the first approach to the potential client.

4 Conclusions

The focus of this thesis was layed on a segmentation of ADLER Thermae guests for a better understanding of the needed marketing. The most common nations have been analyzed on the profitability considering different factors such as outcome, days of stay, treatments and others, to create a raster of the "ideal guest".

To acquire Customer Knowledge data needs to be analyzed on specific questions. Until data is registered but now elaborated, it represents a hidden treasure for a company.

During the analysis it came out that a lot more details about the customers would have been helpful to create a real profile on the ideal ADLER customer. Such details could for example get collected with a deep analysis of the customers' behaviour on the Internet. This is a very delicate area, seen that a hotel itself is not allowed to irrupt the customers' privacy.

It is very hard to define a clear and complete customer profile without help of third parties, such as research engines. They then "observe" the client's behaviour on the Internet and reveal a private but important part of its personality to companies. Most of the time are these the factors which make a difference. The age or the nationalities of the guests are too general components, they don't say much about the client him/herself. Important information that matters is for example hobbies, family status, profession, personal taste, wishes and dreams. A hotel registration limits its data to the essential required registration data. This is aswell cause of limited staff. No receptionist has time to ask each client for its dreams and wishes.

After analyzing the data and filtered them to the elements needed, the segmentation needs to be done in a certain way that the answer to the specific question comes to light. This was shown in chapter 3.8, where the output and the lengh of stay were puten together to reveal a new aspect. This example showed that segmentation is very tricky. The correct factors need to be evaluated after asking the correct

questions. Such a hotel database is full of important information for the hotels; this information just needs to be put together in the right way.

A detailed understanding of the main hotel guests (and especially of the potential guests) leads to important savings in Marketing.

Especially in Online Marketing it is easy to direct potential guests without having to approach them physically. The specific cultural behavior can be studied, competitors can be identified and observed and then, after preparing for the battle, campaigns can be started for a first approach.

Suggestions for future researches

This thesis could be taken as base for a Master's Thesis, where a specific country could be analyzed in their behavior, maybe with a questionnaire sent to the specific guests after their departure or with qualitative research on the field. Also detailed AdWords campaigns, an itemized research on Google Trends and Google Analyze could lead to a better understanding of the potential target

It is recommended to carry out such data analysis on a regular base and to use different factors for the statistics to get as much information out of the collected data as possible.

A way to get to more detailed information about the client's psychographic factors could be to include more specific questions in the questionnaire the guests get at the end of their stay. Elements such as "Professional field", "Hobbies" and for example "dream scenario for the perfect vacation" could be included without invading someone's privacy.

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Appendices:

Appendix 1: Interview with Dr. Andreas Sanoner

Interview with Dr. Andreas Sanoner, co-owner of the ADLER Hotels

Doktor in Marketing and Responsible in this field in the ADLER Group

10.02.2015, 11.30 a.m. in Hotel ADLER Dolomiti, Ortisei

1. How would you divide the marketing at ADLER into %?

Generally speaking is Marketing a very broad field. I personally think that it starts already with the product design. That is from my view the heart of Marketing. If the product doesn't match the client's needs, you can advertise as much as you want, it will just not be the right one for the client.

Of course it is very important to follow the trends, to be aware of news and innovations in the field and in which direction wishes of the guests go for the future. It is not enough to be "in" today, but you need to think one step ahead and try to be modern already for tomorrow. We do invest a lot of money in staying up to date. We try to renew our hotels regularly, to be ahead with architecture and design. This is one strong point of ours, we are able to invest in the future. This is very important for Marketing, though perhaps only indirectly.

If we now speak of marketing in the sense of advertising our product, online marketing is becoming more and more important, when referring to the budget, as well as in our daily work. Traditional marketing is pushed further and further. How far we will in the future get along without traditional marketing is another matter. Classical catalogs, as well as other printed materials, are in my opinion not to leave out. People will always read, a certain class of guests still need something to touch and to bring home as a memory. A not small number of our guests are of an advanced age and do not cope with electronic media. We do not want to give them the feeling, that we are to "ahead" or to modern for them.

When speaking of traditional marketing like ads in magazines or on billboards, this layer is no longer of interest to us, we look to avoid this very division. This is our

conviction, then of course there are many other colleagues in our field, which are still following the classic layers of marketing.

Marketing is not a science, that's exactly what features marketing. Therefore, it is often difficult to understand if you did right or wrong. In marketing, it is so hard to understand in retrospect whether you have made the right decision. One can measure campaign clicks, but how much will effectively then sold on the long-term period, is written in the stars.

The counterpart is auditing and accounting where there is only one truth, however, marketing is usually between one and the other.

2. Where do you see the advertising channels for the future?

It's hard these days to keep up with trends, as there is always so much change on the market. For a beginning OTAs get of course more and more interesting, not to forget or to underestimate meta search machines which occupy more and more importance. These channels are also heavily advertised on TV, on billboards and so on. Since on these web sites, it is all about price and product comparisons, it is essential to place the own web site advantageously.

One of the important principles in marketing, is to be as independent as possible. If this doesn't happen, you could get in big trouble one day. If all goes well you "only" loose a lot of money. One should never be dependent on external marketing partners, otherwise you get vulnerable. If one is able to control the marketing internally, this is already an important step to success.

To be successful in marketing, you have to create such a good product that everyone would want it.

Second, you need to go your own way and stay true and authentic.

3. After what criterias does the Sanoner Family choose the locations for their hotels?

Landscape is the first criteria. That does mean anything and nothing, it must be a particular landscape and it has to be placed in nature. Another criteria is that the location must allow not to depend too much on seasons. Our interest is to open

hotels, where it is possible to work all year long. All our hotels are open 11 months a year, seen that one month is needed to renew it again.

We want to build hotels where the guest feels completely emerged in nature. Until now we built the hotels in UNESCO World Cultural Heritage areas (ADLER Dolomiti, Balance and Mountain Lodge in the Dolomites and ADLER Thermae in the Val d'Orcia in Tuscany). A city hotel would at the moment not be in our interest.

Another goal that we try to achieve is to differ our hotels from others through architectural masterpieces. Our architects get the task to design hotels which won't just be modern for the next couple of years but which will persist in time and leave traces for future generations to come.

4. What do you do to stay up to dated when it comes to offered services in the hotel?

We do travel a bit but we don't belong to the group of hoteliers who are everywhere as soon as a hotel opens. The danger with this tactic is to lose the own ideas and to end up just copying other hotels. The most important is to continuously develop your own offer.

The biggest help are of course your guests. When talking with them you get the best feeling of the current trends. But the most important is to stay true, to stay faithful to your own ideas.

Our hotel is for a wide range of people, we do have a lot of different offers to reach a wider target and not to be too specific. Most of the people do feel comfortable in our house, that is for sure an important feedback. Of course you should never give your guests too much power over you and do whatever they want.

An important help is as well to go the direction you would like it yourself when you go on vacation. Most of the time the guests are very much alike to the hotel owners, seen that you put your own taste and interest into your product.

5. So would you say that you try to avoid to be liked by the mass?

Well, of course you need to meet the interests of a wide range, especially in such big hotels as the ADLER Dolomiti with 120 rooms or the ADLER Thermae with 90 rooms.

In these situations you can not allow yourself to be too picky with your guests. You need to offer different services to meet a wider range of the market. We do have offers for active people (fitness courses, mountain excursions), people who look for a healthier life style (the "Balance" program with doctors in the hotel for detox vacations, an own wing for guests following the slimming program), people on spa and relax vacation (Beauty farm, saunas and beauty treatments), families (Kids club, a wide range of family activities) and of course the pleasure-lovers who mainly come here to eat and drink high quality products.

This makes segmentation in our very case very difficult. We were thinking since years already to get into our clients needs and wishes on a more individual way. We would have created a special program for each of the interests and sent them individually. But what if a couple comes to the ADLER to relax but the husband is as well very sporty and loves going climbing? Or what if a family comes mainly here to relax but have 4 children and would be very interested in beauty treatments? This is one of our main issue in segmentation, we don't want our guests to miss any of our offers, this is the reason why we couldn't be more individual in approaching our clients, for now.

We did specialize in certain activities, like the Spa and health programs. We were able to develop the Spa concept that we created in 1990 and reached a very high level in these fields. We do not follow mass trends, we do try to stay true to our philosophy.

The offers stay high quality (and so the price range), this means that the target automatically restricts itself.

It is true that sometimes we need to miss out certain opportunities that might be very promising and lucrative at the moment but go against our philosophy. We need to ignore them consciously not to harm our faithful guests, who might not agree with a radical change in marketing strategies, as for example drastic price reductions or web portals reaching a too wide and generic range of people. Our guests might feel betrayed and might think that the hotel does not follow the initial path anymore and the guest could so with not identify him/herself with the hotel anymore.

The guests need to feel part of the family and needs to be able to trust you. Once you lose their trust you will start losing your customer base bit by bit, that you build up working hard for generations. You need to try to keep every single guest

without losing face, that is the most challenging of all. Especially when guests mean to get too close to the hotel and try to interfere with your management. There you need a lot of patience and professionalism to handle situations like this.

6. How important is the brand of ADLER that you build up?

The highest goal in marketing is to build up a brand. If you are able to do so, you did it. Building a brand is difficult. You can build the brand world wide, you can build a brand known in Europe, you can build a brand in your country and that is where we stand at the moment. We were able to build a very solid brand in Italy but the highest goal is of course to build a brand world wide.

Once you are a brand you don't depend on others as much as before.

7. What benefits does the brand bring especially in the hospitality field?

The biggest benefit is for sure that people trust you. You don't get a brand by achieving something by yourself, it is the client that accepts you as you are, so it is him/her to make a brand out of your product. He knows that he gets what is promised by trusting the brand. When the guest can choose between two hotels, both offering the same services in a more or less same ambience he/she will probably choose the hotel standing under a brand known for high quality, just to be sure. The brand conveys certain values and makes the customer feel comfortable about his/her choice. Nowadays guests are overcrowded from offers, not just concerning vacations but marketing inputs in general. Here the brand comes in, it helps people to take a decision.

Since this is just the way it goes you are not allowed to do anything that breaks your customer's trust in you. Especially not do anything that could let the frequenter feel disadvantaged.

8. How important would you then say that faithful guests are vs. new guests?

Regular guests are in the hotelier business the most important guests at all. They save you a certain financial ground to work on. New guests are insofar important

because you need to stay active to win them, you are not allowed just to rest on your regular guests and stop trying to get new ones. This is the perfect opportunity to observe yourself and see if you are still attractive to new guests or if you lost the stream. This is why they are in the end as important as the regulars. Especially because the goal is of course to make regulars out of new guests.

The advantage of regulars is of course as well a financial issue, seen that a regular doesn't cost you as much resources and efforts as a new one.

And let's not forget the great marketing campaigns called "Mouth to Mouth". It is the oldest marketing channel but still, and in the future it will remain, the most effective. No other marketing campaign could be more successful than a client leaving your hotel with a smile on his/her face.

The danger in concentrating too much on regulars is that they will for one reason or the other fall away and you will find yourself in the situation where you are not ready for new markets and you don't have the means to compete on the market. Such an example could be the economic crisis in Italy that hit us the last couple of years. Fortunately we already opened to foreign markets. The trend goes towards foreign markets, if we would just have build on the Italian market, that for decades seemed enough, we would be in very big trouble now, eventough I am convinced that Italy will recover against from this hit at some near point in the future.

9. Would you say that the marketing communication is coherent with the offer your guests get once arrived in one of your hotels?

We try to stay as natural as possible in our communication, we don't try to sell things we don't have, we don't need that. The guest can get all the information wished before the arrival and will come to visit us with great expectations, which we try to fulfill to the most possible.

10. How would you personally describe a potential ADLER customer?

This is a very difficult question, since this typical customer does not exist. As we said before, we don't offer services for a very limited segment. We reach a very large public.

This is why I said before that segmentation is so difficult for us. It is a very important part of marketing but in real life not so easy to put into praxis.

11. Do you think that the customer base will change essentially during the next 10 years?

For sure the tendency is more to the internationalisation. We do invest already a lot to enter international portals, such as GDS, which is the portal travel agencies world wide have access to. Here we need to find a link to the world, it is not enough just to be visible on web portals such as booking.com and trivago.

Internationalisation has the big advantage that it is endless seen from the potential that there is out there. The Asian market for example is still completely unexplored for us, as is the South American market.

One critical point when going international is for sure the location itself of all our hotels. Seen that we build our hotels mostly in the middle of nowhere to be surrounded by nature, we are as well far from international airports, this is something that won't change in future. You can't have one with the other in this case.

12. And, conclusionally, where do you see yourself as ADLER in 10 years?

(Laughs) Hopefully in rent with my children managing the hotels!

I could imagine very well that we keep on growing as ADLER Resorts, maybe open something abroad, but always one step after the other. We will of course try to keep this main concept of creating this secret special hide aways for our guests, surrounded by mother nature. Our main interest is not just to build profitable hotels in fancy locations, that does not correspond our philosophy.

Another very important point is that our guests should feel cosy and familiar in our Resorts. We try to train our staff to be as friendly and sensitive to our guest's wishes as possible. This starts obviously with the well being of our staff, which does come first, the sequent comes naturally.

Appendix 2: Interview with Dmitri Naumenko

Interview to Dmitri Naumenko (26.02.2015) Russian traveller

- What would you say is the favourite transport for Russians when they travel outside Russia?

Russians do prefer travelling by plane, they feel insecure driving when street signs are not written in Cyrillic. This is why they seldom rent cars abroad. If someone is not fluent in English it takes some time to recognize the Western writing, this can be inconvenient and even dangerous on the street. When they rent cars abroad they take cars with driver or order transfers from hotels.

- What could be a typical reason for Russians to go to Italy?

The Russians I know would all be very interested in travelling to Italy, the ones who did, did especially for the drinking and eating culture, to see sights and for shopping. They do travel to ski resorts for the winter holidays, but the sport itself is not the main reason. They travel for luxurious holidays, to pamper themselves. The hotel is very important, it needs to offer a lot of services and needs to be at full disposal of the Russian guests (with outside restaurant reservations, transport and shopping services, Spa and different imaginable comforts).

Russians use Spa offers a lot, seen that Sauna and beauty treatments are very important in the Russian culture.

- Would you as Russian confirm the stereotype there is of the rudeness of Russian guests?

It is true that when Russians travel, they tend to see all tourist employees as people to their full service. On the other hand the communication is often very limited, this might let Russian guests seem rude and cold, but it is not their true spirit. Their English is often very limited and it is hard for them to express their wishes, so in the frustration of the other person not understanding it might seem impolite.